



Where can I obtain additional information?

- ◆ For the **Disabled Access Credit** contact:
Office of Associate Counsel, IRS
- ◆ For the **Work Opportunity Tax Credit (WOTC)** contact:
U.S. Department of Labor
Employment & Training
Administration or your local
State Employment Security
Agency
- ◆ For **Barrier Removal** contact:
Office of Associate Counsel, IRS
- ◆ For the **Maryland Disability Tax Credit** contact:
Maryland Department of Labor,
Licensing and Regulation
(DLLR)



This fact sheet and others can be found at www.mdod.maryland.gov and www.mdworkforcepromise.org.

Questions?

Contact the Maryland Business Leadership Network

Tax Incentives/Credits

Overview

There are federal and state tax incentives/credits available to help businesses cover the cost of accommodations for employees with disabilities. There are tax incentives/credits available to make a business place accessible for employees and/or customers with disabilities. This fact sheet describes several tax credits/incentives and provides contact information for additional information.

Disabled Access Credit

Small Business Tax Credit: IRS Code Section 44, Disabled Access Credit

What is it?

Small businesses may take an annual tax credit for making their business accessible to persons with disabilities.

Who is eligible?

A business that earned a maximum of \$1 million in revenue the previous year or had 30 or fewer full-time employees.

What is the amount?

The credit is 50 percent of expenditures over \$250, not to exceed \$10,250, for a maximum benefit of \$5,000. The credit amount is subtracted from the total tax liability after calculating taxes.

What expenses are covered?

The credit is available every year and can be used for a variety of costs such as:

- ◆ Sign language interpreters.
- ◆ Readers for employees or customers who have visual impairments.
- ◆ The purchase of adaptive equipment or the modification of equipment.
- ◆ The production of print materials in alternate formats.
- ◆ The removal of architectural barriers in buildings or vehicles.

What expenses are not covered?

The tax credit does not apply to the costs of new construction. A building being modified must have been placed in service before November 5, 1990.

How can this credit be claimed?

Businesses can claim the Disabled Access Credit on IRS Form 8826.

Work Opportunity Tax Credit

Work Opportunity Tax Credit (WOTC)

What is it?

WOTC provides a tax credit for employers who hire certain targeted low-income groups, including vocational rehabilitation referrals, former AFDC recipients, veterans, ex-felons, food stamp recipients, summer youth employees and SSI recipients.

How does it apply to persons with disabilities?

Employers that hire individuals who are SSI recipients or certified vocational rehabilitation (VR) referrals are eligible.

What is the amount?

An employer may take a tax credit of up to 40 percent of the first \$6,000, or up to \$2,400 of wages paid during the first 12 months to each new hire.

What are the effective dates?

This program is subject to yearly Congressional renewal.

What are the Minimum Employment Requirements?

Eligible employees must work 180 days or 400 hours; summer youth must work 20 days or 120 hours. A partial credit of 25 percent for certified employees who
(continued on back)

WOTC (continued)

worked at least 120, but less than 400 hours, may be claimed by the employer.

What agency provides the WOTC certification?

The local State Employment Security Agency (SESA).

How do businesses file for this credit?

Complete and submit IRS Form 8850, "Pre-Screening Notice and Certification Request for the Work Opportunity and Welfare-to-Work Credits," to your local SESA.

Barrier Removal

Architectural/Transportation Tax Deduction: IRS Code Section 190, Barrier Removal

What is it?

Businesses may take an annual deduction for expenses incurred to remove physical, structural and transportation barriers for persons with disabilities at the workplace.

Who is eligible?

All businesses are eligible.

What is the amount?

Businesses may take a tax deduction of up to \$15,000 a year for expenses incurred to remove barriers. Amounts in excess of the \$15,000 maximum annual deduction may be depreciated.

What expenses are covered?

It can be used for a variety of costs to make a facility or public transportation vehicle, owned or leased for use in the business, more accessible to individuals with disabilities. Examples include the cost of:

- ◆ Providing accessible parking spaces, ramps and curb cuts,
- ◆ Providing accessible telephones, water fountains and restrooms and;
- ◆ Making walkways at least 48 inches wide.

Are there limits on annual usage?

Although both the tax credit and deduction may be used annually, if a business spends more than may be claimed in one year, it cannot carry over those expenses and claim a tax benefit in the next year.

Maryland Disability Employment Tax Credit

Maryland Disability Employment Tax Credit (MDETC)

What is it?

This is a Maryland state tax credit that allows businesses to claim credit for employees with disabilities hired on or after October 1, 1997 but before June 30, 2007.

What is the amount?

For wages paid during the first year a credit in the amount equal to 30 percent of up to the first \$6,000 and 20 percent

of up to the first \$6,000 during the second year of employment.

Who may qualify?

Individuals who have been certified by the Division of Rehabilitation Services (DORS) or the US Department of Veteran Affairs (VA) as having met the criteria for MDETC qualify.

How does a business file for this credit?

- ◆ An individual with a disability may present a signed MDETC voucher to a potential employer.

- ◆ Once the individual is hired, the business completes the appropriate portion of the voucher and returns it to DORS within 30 days.
- ◆ If DORS determines the individual is qualified for the tax credit, a Certificate of Eligibility will be returned to the business.
- ◆ The employer must retain the Certificate to document and justify including the tax credit on tax returns.

Resources

*Internal Revenue Service (IRS)
Office of Associate Counsel*
Voice: (202) 662-3110
Website: www.irs.gov

*Maryland Department of Labor,
Licensing, and Regulation (DLLR)*
Voice: (410) 767-2080 / (410) 767-2047
Website: [www.dllr.state.md.us/
employment/mdetc.htm](http://www.dllr.state.md.us/employment/mdetc.htm)

*Maryland State Dept. of Education
Division of Rehabilitation Services (DORS)*
Voice: (410) 554-9385/ (888) 554-0334
TTY: (410) 554-9411
Email: dors@dors.state.md.us
Website: www.dors.state.md.us

*U.S. Department of Labor Employment &
Training Administration*
Voice: (866) 4 - USA - DOL
TTY: (877) 889 - 5627
Website: www.doleta.gov

*U.S. Department of Labor
Office of Disability Employment Policy (ODEP)*
Voice: (866) 633-7365
TTY: (877) 889-5627
Website: www.dol.gov/odep

Additional Information:

Maryland Business Leadership Network
Voice: (866) 624-3502
Email: bln@suntrust.com
Website: www.usbln.com

Maryland Department of Disabilities
Voice / TTY: (410) 767-3660
Voice / TTY: (800) 637-4113
Email: mdod@mdod.state.md.us
Website: www.mdod.maryland.gov